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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

MAR 16 2015

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
NEW RIVER UTILITY COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY AND FOR
INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. W-01737A-12-0478

DECISION NO. 74977

ORDER EXTENDING TIME
DEADLINE IN DECISION NO. 74294

Open Meeting
March 2 and 3, 2015
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On January 29, 2014, the Commission issued Decision No. 74294 approving
permanent rates and charges for New River Utility Company ("New River"). In the Decision, in
response to New River's request for \$31,333 in normalized tank painting expenses, the Commission
stated the following:

While the Commission's rules require a utility to use a historical
test year for its rate case, they also allow for pro forma adjustments to
actual test year figures "to obtain a normal or more realistic relationship
between revenues, expenses and rate base." (See A.A.C. R14-2-
103(A)(3)(i), App. C.) The Commission allows such adjustments to be
made for future expenses when there is evidence establishing that the
future expenses are known and measurable. In this case, the evidence
establishes that New River has an obligation to incur a \$130,000 expense
for tank painting to be commenced in the next few months. The evidence
also establishes that this is a reasonable level of expense for the work to be
completed, that New River's tanks need to be recoated, and that a 15-year

1 period between recoatings for water tanks is reasonable. Based upon the
2 evidence herein, we find that it is just and reasonable to allow New River
3 recovery of the \$130,000 in tank recoating expense for the work to be
4 completed by ACAI, with the \$130,000 to be normalized over 15 years,
5 which amounts to a pro forma expense increase of \$8,667 for the adjusted
6 TY. We will require New River to ensure that the tank recoating work is
7 completed in accordance with its testimony herein and to file, as a
8 compliance item in this docket, no later than June 2, 2014, documentation
9 from ACAI confirming completion of the quoted tank recoating work.¹

10 2. Consistent with the above, the Commission ordered New River to file, by June 2,
11 2014, documentation from ACAI establishing that the recoating work for New River's storage tank
12 built in 1997 has been completed and showing the final invoiced amount for that work. (Decision
13 No. 74294 at 75, 81-82.)

14 3. On June 27, 2014, New River filed a Request to Extend Deadline in Decision 74294
15 for Tank Recoating, stating that New River had implemented its new rates and charges in March
16 2014, but had incurred significant unexpected costs for well and pump repairs in May and June 2013
17 and then again in June 2014, cumulatively incurring expenses in excess of \$258,000 for these repairs.
18 New River stated that it did not at that time have the \$133,000 needed to pay for the storage tank
19 recoating and added that the recoating work must be done during the winter months when system
20 water demand is lower. New River requested a one-year extension of the deadline for completing the
21 tank recoating work, through and including June 2, 2015.

22 4. On January 20, 2015, the Commission's Utilities Division ("Staff") filed a
23 Memorandum stating that Staff does not object to New River's requested one-year extension to
24 provide the tank recoating documentation and recommending that the requested extension be granted.
25 Noting that New River's request was filed after the existing due date for this compliance item,
26 however, Staff also recommended that New River be required to file any future requests for extension
27 of time, in any docket, at least 90 days prior to the existing due date. Additionally, Staff
28 recommended that no further extensions of time be granted in this matter.

29 5. New River has not filed a response to Staff's Memorandum.

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¹ Decision No. 74294 at 29-30 (footnote omitted).

6. It is fair and reasonable to adopt Staff's first two recommendations, and we will do so. Although we are not adopting Staff's third recommendation by prohibiting further extensions in this docket, New River should be aware that any future extension request will be granted only under compelling circumstances, as the Commission is cognizant that New River's current rates include funds to cover the normalized expense of recoating the storage tank.

CONCLUSIONS OF LAW

1. New River is a public service corporation pursuant to Article XV of the Arizona Constitution and A.R.S. Title 40.

2. The Commission has jurisdiction over New River and the subject matter of New River's request.

3. It is fair and reasonable and in the public interest to grant New River a one-year extension of time to file documentation from ACAI confirming completion of the quoted tank recoating work and to require New River to file any future request for extension of time, in any docket, at least 90 days prior to the existing due date.

ORDER

IT IS THEREFORE ORDERED that the Commission hereby extends, to June 2, 2015, the deadline for New River Utility Company to file with the Commission's Docket Control, as a compliance item in this docket, documentation obtained from ACAI establishing that the recoating work for New River Utility Company's storage tank built in 1997 has been completed and showing the final invoiced amount for that work.

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1 IT IS FURTHER ORDERED that New River Utility Company shall file any future requests
2 for extension of time, in any docket, at least 90 days prior to the existing deadline for the requirement
3 in question.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

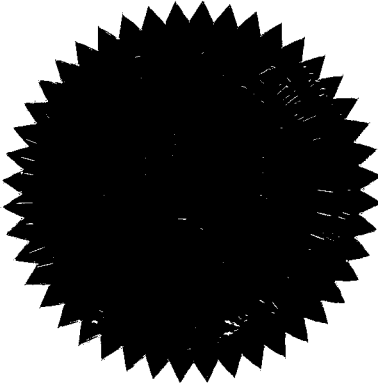
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8 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER



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12 IN WITNESS WHEREOF, I, JODI JERICH, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this 16th day of March 2015.

15
16 JODI JERICH
17 EXECUTIVE DIRECTOR

18 DISSENT _____

19
20 DISSENT _____

21 SH:ru/tv

1 SERVICE LIST FOR: NEW RIVER UTILITY COMPANY

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